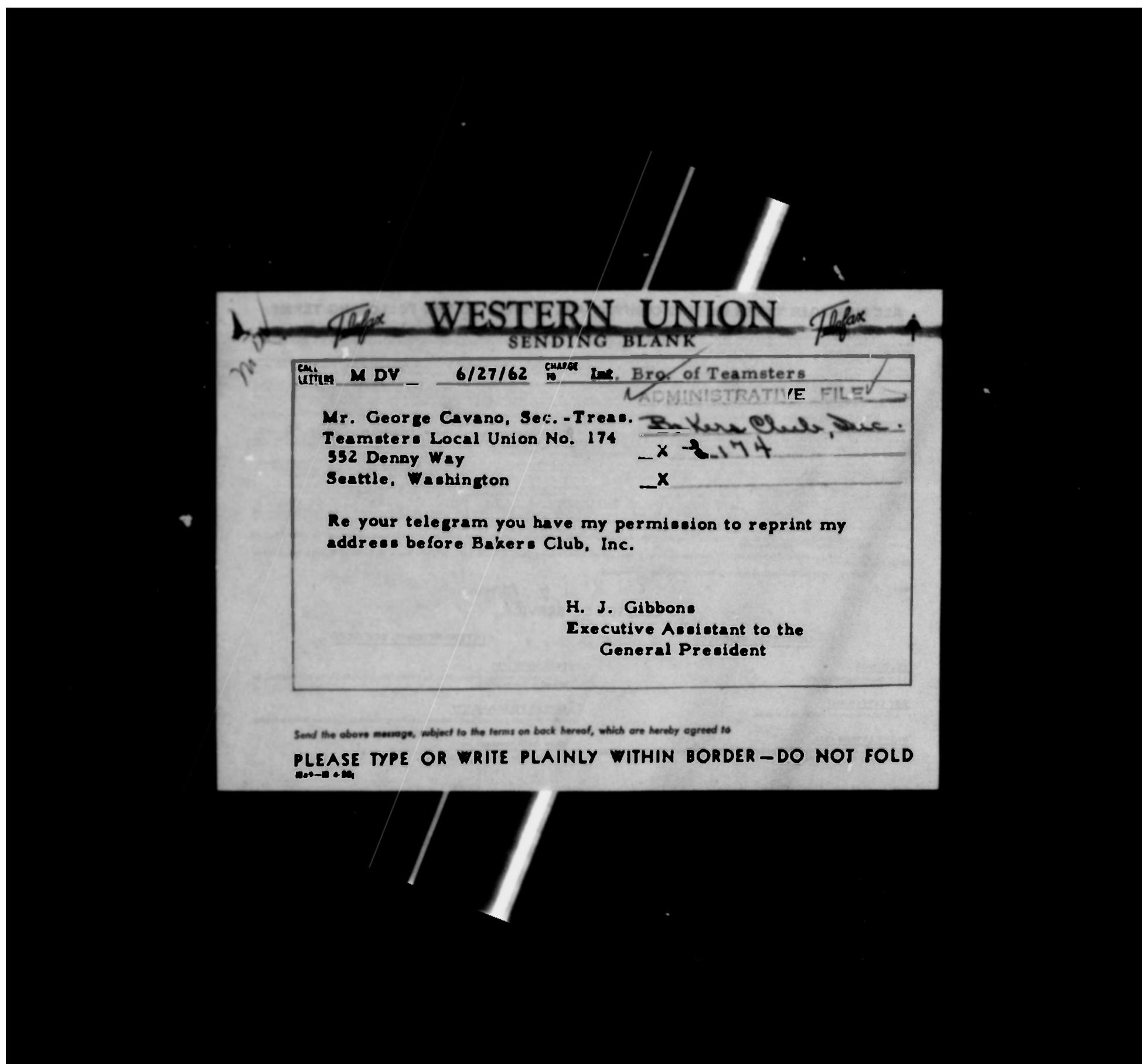
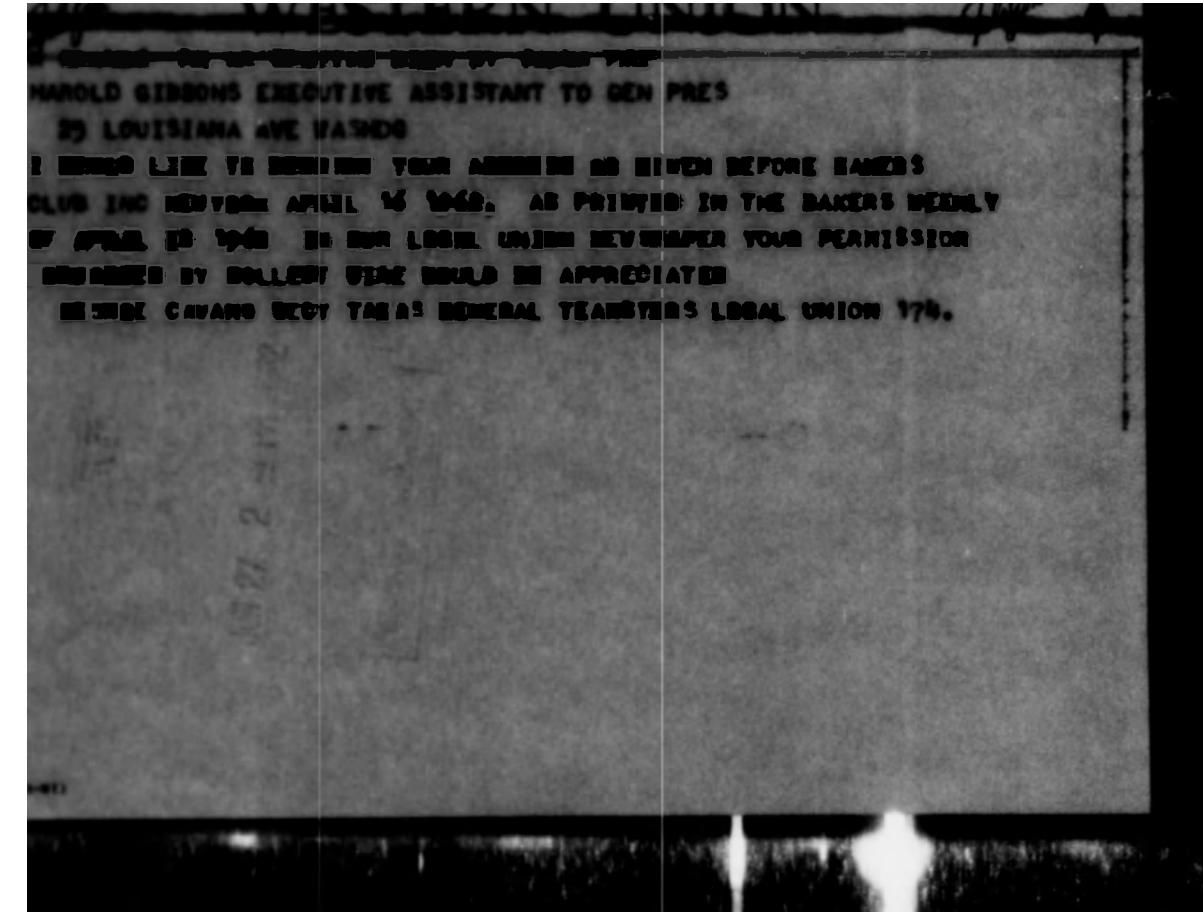


Bakken
Club





ADMINISTRATIVE FILE

Baking Industry
Magazine

July 18, 1962

C
O
P
Y

Mr. James D. Sayder
Letters Editor
BAKING INDUSTRY
1817 F Street, N.W.
Washington 4, D. C.

Dear Mr. Sayder:

This is in reply to your letter of June 13 in which you raise two questions: the first dealing with the sales problem and route books; and the second dealing with training of driver-salesmen.

I will try to answer these questions separately.

Route Books and Sales

Our bakery driver locales have honest doubts as to the extent to which route books are a means of keeping tighter control over sales. They also question the value of keeping a daily inventory of all products in the route book, although some believe there is merit to keeping daily or weekly tallies of the three or four leading items sold, including carryover.

It makes clear that accurate route book figures on major items sold provide the sales driver and the Company with a daily inventory of the movement of these leading items over a number of weeks. Such records tend to be helpful in decisions as to cutting back or increasing placements, or in determining a store's potential.

But this does not in itself control sales. Route books record the past; they do not necessarily predict the future. It is the present market that determines sales, and only an experienced sales driver, not a route book, can sense this.

We also find, in many areas, that bakers ignore accurately-kept route books and the sales driver's own orders and in essence destroy the effectiveness of a route book. The Company orders for the driver. We have also found that companies have a practice of either meeting or beating previous production figures and as a result have over-produced

Mr. J. D. Snyder

-2-

July 16, 1962

on the leading items, ignoring what route book figures would indicate as proper. When the Company ignores the sales driver's order based on route book figures, and because of deliberate over-production "plusses" the sales driver's order, not only is the driver's record-keeping in vain but stakes are automatically created.

No person should know more about a route than the salesman involved. If the salesman demonstrates that he does know the requirements of his route, he should be permitted to order accordingly.

The stake problem generally hinges on the sales performance of the leading baked goods items. In view of this, there is really no need to keep a route book daily inventory of in and out, carryover, and sales of ~~any~~ items carried. This procedure is too time consuming and burdensome on the sales driver and detracts from his sales effort and driving time, with no appreciable results. As a rule, our people do not object to keeping route books, but excessive bookkeeping does not have value if the figures do not help our people sell more bread.

With respect to your question on carryover: Bakers bake fresh bread every day. Therefore, why not keep carryover at a minimum. Focus attention on selling today's baked goods today, and not try to sell out a load of carryover. Fresh bread (today's bread) is our best salesman!

Carryover figures have value and meaning if the figures are used, and if our people can see that they will benefit from keeping accurate figures.

With the reservations stated above, we believe that route books have value and are necessary, especially for new salesmen, vacation and sickness reliefmen, and to protect the salesman's and the baker's business.

Companies have it within their power to reduce stakes substantially if they were to:

1. Conform production to needs.
2. Adjust store placements as experience indicates.
3. Promote their products realistically, rather than through extravagant displays which produce a large amount of stakes.
4. Label their products properly.
5. Eliminate discounting to stores on a rated sales basis, since this tends to have placement increased beyond realistic sales potential in order to meet the required sales volume to qualify for discount.
6. Eliminate the practice of purposely over-producing and plussing in order to supply the Company's stake stores (also known as surplus or thrift stores).

Overloads and stakes are a problem to both bakers and their drivers-salesmen. Because these twin problems are becoming more acute, some bakery locales are proposing that commission be paid on gross take out rather than on the present method of take out less stake returns.

Mr. J. D. Snyder

-5-

July 10, 1962

Training

It would appear self-evident that sales training is necessary for new employees. Certainly such employees can benefit and learn from those with experience in the industry as to the proper way to operate a sales route. If such training helps the employee to do a better job, both the employee and his employer benefit.

Too often, however, I understand, the Company hires a man and the next day he is operating a route, under "training" by a man who is not necessarily a good teacher. As a result, the new man may start out with poor training and poor sales habits.

I should like to suggest, therefore, that there may be two problems: initial training of new employees and retraining of present employees, and that possibly different training methods are needed for each situation.

Training or retraining should have the clear-cut purpose of increasing sales and correspondingly, putting more dollars in the salesman's pay shoes. The best method of retraining is with successful sales progress -- to show the purpose or reason for retraining.

The supervisor's or training director's job -- day in and day out -- is to train the driver-salesman. Continued inspection is important.

With respect to new employees, the Company obviously has complete freedom to train. With respect to present employees, the Company often has a selling job of its own. A workable program, one that will demonstrate to all that training or retraining pays off in increased sales and therefore more pay, is the best advertisement a company can have. Nothing succeeds like success. Such an approach may be helpful in gaining wider acceptance of the values of training.

Driving is as important in the work of a driver-salesman as the sales function. Good driving habits cut truck operating costs and reduce accidents and therefore help to reduce distribution costs. Training in this area, therefore, is also important.

We are witnessing many changes in the distribution process, some of which may call for changes in the type and size of vehicles used. When and if such changes take place, the seniority principle should be recognized and present employees be given the opportunity to train to handle the new equipment.

I hope you find this helpful.

Very truly yours,

H. J. Gibbons
Executive Asst. to the
General President

HJG/lp

cc: Mr. John Hartigan

HJG/AM/lp

July 3, 1962

Mr. Wendell J. Phillips
Teamsters' National Bakery Conference
245C - 17th Street
San Francisco 10, California

Dear Wendell:

A bakery trade magazine has written to Vice President Gibbons asking the following questions:

"First, the stealee problem. Many bakery owners feel that the use of route books are a means of keeping tighter control over stealees. Yet some Teamster locals have had their use prohibited by contract. Others have had the use of route books restricted as to the amount of information that can be recorded. For example, in Chicago salesmen are limited to the listing of four varieties and are permitted to list carry-over.

"Could you comment on the reasons for these restrictions? Do you personally feel route books are necessary? Also, how could the union and management cooperate more fully in licked the stealee problem?"

"Second, the training of driver-salesmen. Some locals have ruled out sales training by contract. Others appear to be negative in endorsing formal training programs. Would you agree that this statement is true? If not, what are the reasons behind these attitudes?"

Vice President Gibbons has asked me to prepare a reply. I should greatly appreciate any comments and suggestions you may have to answer these questions, so that we may submit the best possible statement from the Union's point of view on these two issues.

Thanks very much for your cooperation.

Faternally yours,

Abraham Weis
Economist

AM/lip

July 3, 1962

Mr. John Drew
Bakers' Local Union #734
188 South Ashland Blvd.
Chicago 7, Illinois

Dear Sir and Brother:

A bakery trade association has written to Vice President Gibbons asking the following questions:

"First, the salesmen problem. Many bakery owners feel that the use of route books are a means of keeping tighter control over salesmen. Yet some bakers have had their use prohibited by contract. Others have had the use of route books restricted as to the amount of information that can be recorded. For example, in Chicago salesmen are limited to the listing of four varieties and are permitted to list carry-over.

"Could you comment on the reasons for these restrictions? Do you personally feel route books are necessary? Also, how could the union and management cooperate more fully in licked the salesmen problem?

"Second, the training of driver-salesmen. Some locales have ruled out sales training by contract. Others appear to be negative in endorsing formal training programs. Would you agree that this statement is true? If not, what are the reasons behind these attitudes?"

Vice President Gibbons has asked us to prepare a reply. I should greatly appreciate any comments and suggestions you may have to answer these questions, so that we may submit the best possible statement from the Union's point of view on these two issues.

Thank you very much for your cooperation.

Faternally yours,

Abraham Weiss
Econoclast

AM/lp

July 3, 1962

Mr. John Hartigan
Teamsters Conf. of Teamsters
100 Indiana Avenue, N.W.
Washington 1, D. C.

Dear John:

A bakery trade association has written to Vice President Gibbons seeking the following questions:

"First, the steales problem. Many bakery owners feel that the use of route books are a means of keeping tighter control over steales. Yet some Teamster locals have had their use prohibited by contract. Others have had the use of route books restricted as to the amount of information that can be recorded. For example, in Chicago salesmen are limited to the listing of four varieties and are permitted to list carry-over.

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Vice President Gibbons has asked me to prepare a reply. I should greatly appreciate any comments and suggestions you may have to answer these questions, so that we may submit the best possible statement from the Union's point of view on these two issues.

Thanks very much for your cooperation.

Fraternally yours,

Abraham Weis
Economist

AM/lp

July 3, 1962

C
O
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Mr. William H. Tappe
Teamsters' Local Union #485
108 Smithfield Street
Pittsburgh 22, Pennsylvania

Dear Sir and Brother:

A bakery trade magazine has written to Vice President Gibbons asking the following questions:

"First, the steles problem. Many bakery owners feel that the use of route books are a means of keeping tighter control over steles. Yet some Teamster locals have had their use prohibited by contract. Others have had the use of route books restricted as to the amount of information that can be recorded. For example, in Chicago salesmen are limited to the listing of four varieties and are permitted to list carry-over.

"Could you comment on the reasons for these restrictions? Do you personally feel route books are necessary? Also, how could the union and management cooperate more fully in licked the steles problem?

"Second, the training of driver-salesmen. Some locals have ruled out sales training by contract. Others appear to be negative in endorsing formal training programs. Would you agree that this statement is true? If not, what are the reasons behind these attitudes?"

Vice President Gibbons has asked us to prepare a reply. I should greatly appreciate any comments and suggestions you may have to answer these questions, so that we may submit the best possible statement from the Union's point of view on these two issues.

Thanks very much for your cooperation.

Fraternally yours,

Abraham Weis
Economist

AW/lp

July 5, 1962

C
O
P
Y

Mr. Thomas F. Carroll
Teamsters' Local Union 494
640 Beacon Street
Boston 15, Massachusetts

Dear Tom:

A bakery trade magazine has written to Vice President Gibbons asking the following questions:

"First, the steles problem. Many bakery owners feel that the use of route books are a means of keeping tighter control over steles. Yet some Teamster locals have had their use prohibited by contract. Others have had the use of route books restricted as to the amount of information that can be recorded. For example, in Chicago salesmen are limited to the listing of four varieties and are not permitted to list carry-over.

"Could you comment on the reasons for these restrictions? Do you personally feel route books are necessary? Also, how could the union and management cooperate more fully in licked the steles problem?

"Second, the training of driver-salesmen. Some locals have ruled out sales training by contract. Others appear to be negative in endorsing forced training programs. Would you agree that this statement is true? If not, what are the reasons behind these attitudes?"

Vice President Gibbons has asked me to prepare a reply. I would greatly appreciate any comments and suggestions you may have to answer these questions, so that we may submit the best possible statement from the Union's point of view on these two issues.

Thanks very much for your cooperation.

Faetornally yours,

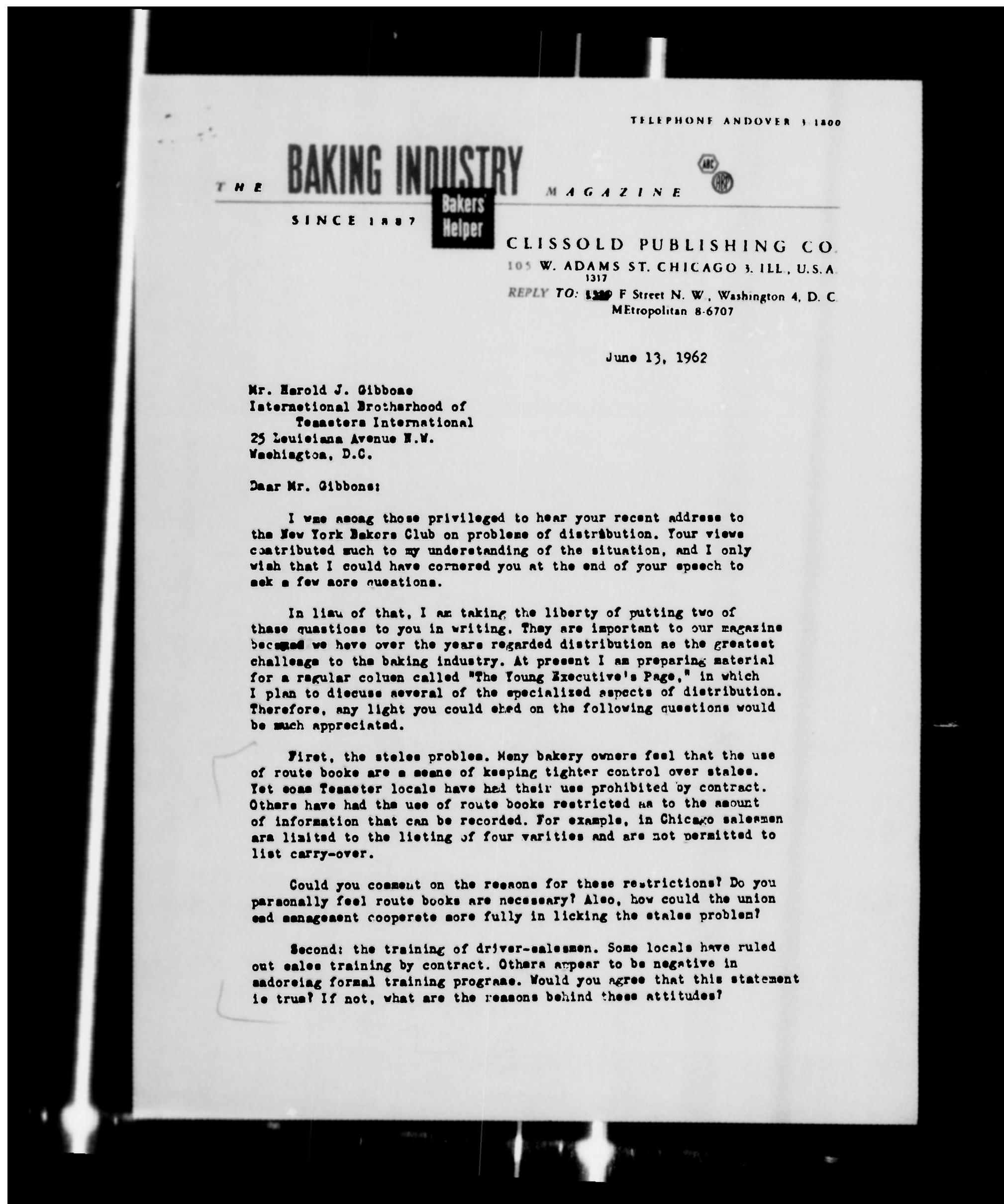
Abraham Weis
Economist

AW/lp

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Mr. Weiss:

HJG requested that you
prepare an answer on this.



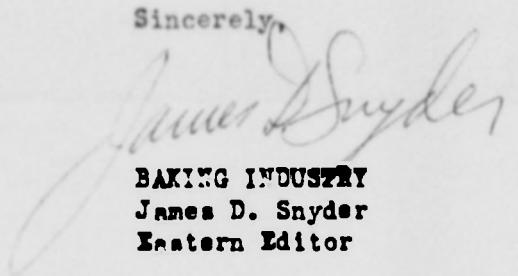
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Your comments to these questions will be read by many bakery owners, and would, I feel, contribute much to greater understanding of the situation. I also hope that this letter doesn't appear to "bait" the union just for the sake of argument. Rather, it is a sincere attempt to approach some of those mutual problems on an academic basis.

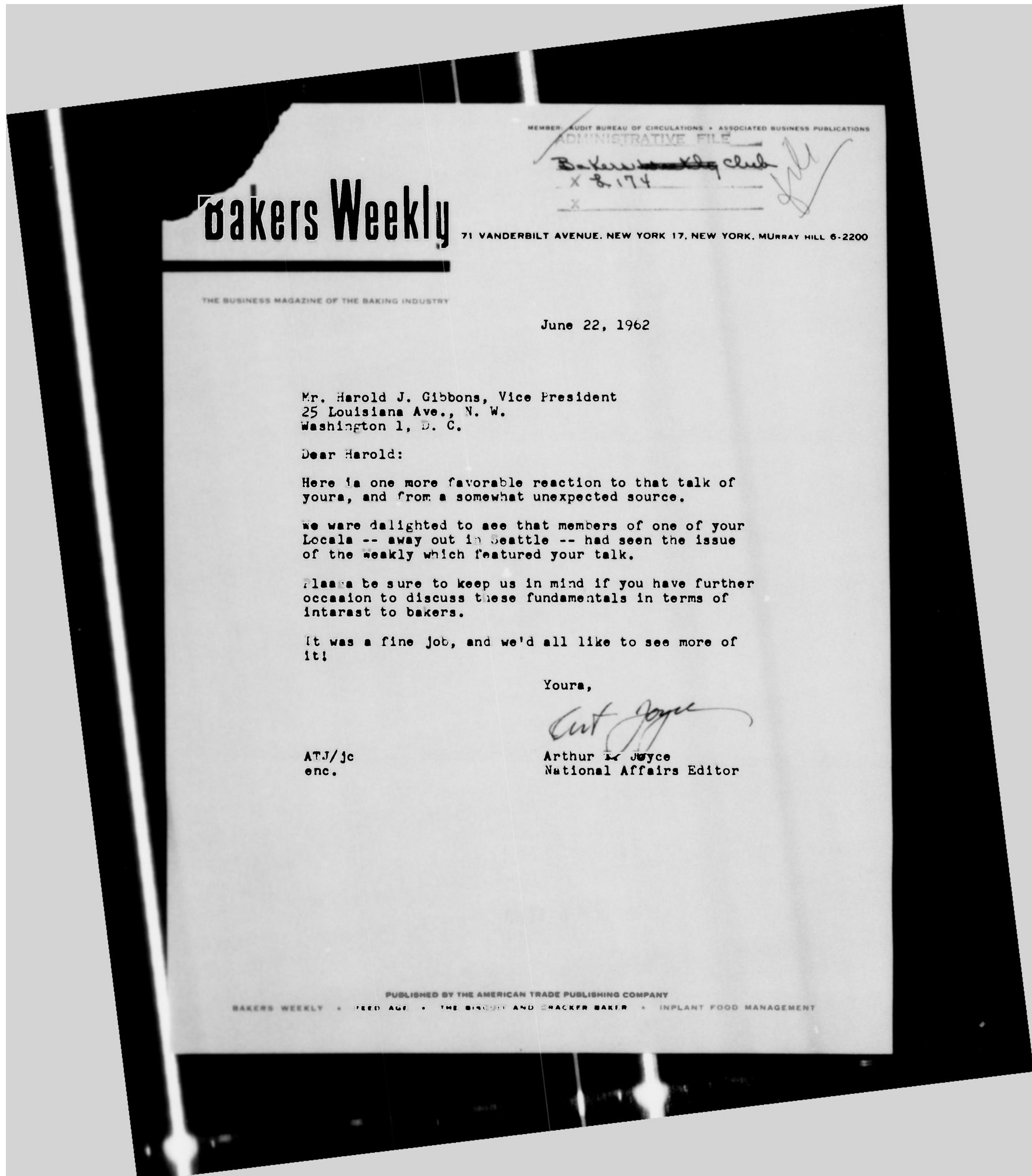
Thank you once again for considering these questions. I know that your answers will be greatly appreciated by this magazine and its readers.

I look forward to your reply.

Sincerely,



BAKING INDUSTRY
James D. Snyder
Eastern Editor



BAKERS WEEKLY
71 VANDERBILT AVENUE NEW YORK 17, N.Y.

June 22, 1962

Mr. Frank L. Wickerson, Editor
The Teamster Record
Teamsters, Chauffeurs & Helpers of America
Local No. 174
552 Denny Way
Seattle 9, Washington

Dear Mr. Wickerson:

We are certainly glad that both you and your secretary-treasurer, Mr. George Caveno, found the recent talk given by Harold J. Gibbons of so much interest that you want to pass it along to your readers.

When he gave the talk before the New York Bakers Club, the reception was immensely favorable on all sides. We were further pleased by the response we received from around the country after its publication in the weekly.

As we said at the time, both his analysis of prevailing conditions, and his proposals of possibilities for future exploration and exchange of ideas deserves thorough consideration by bakers, management and labor.

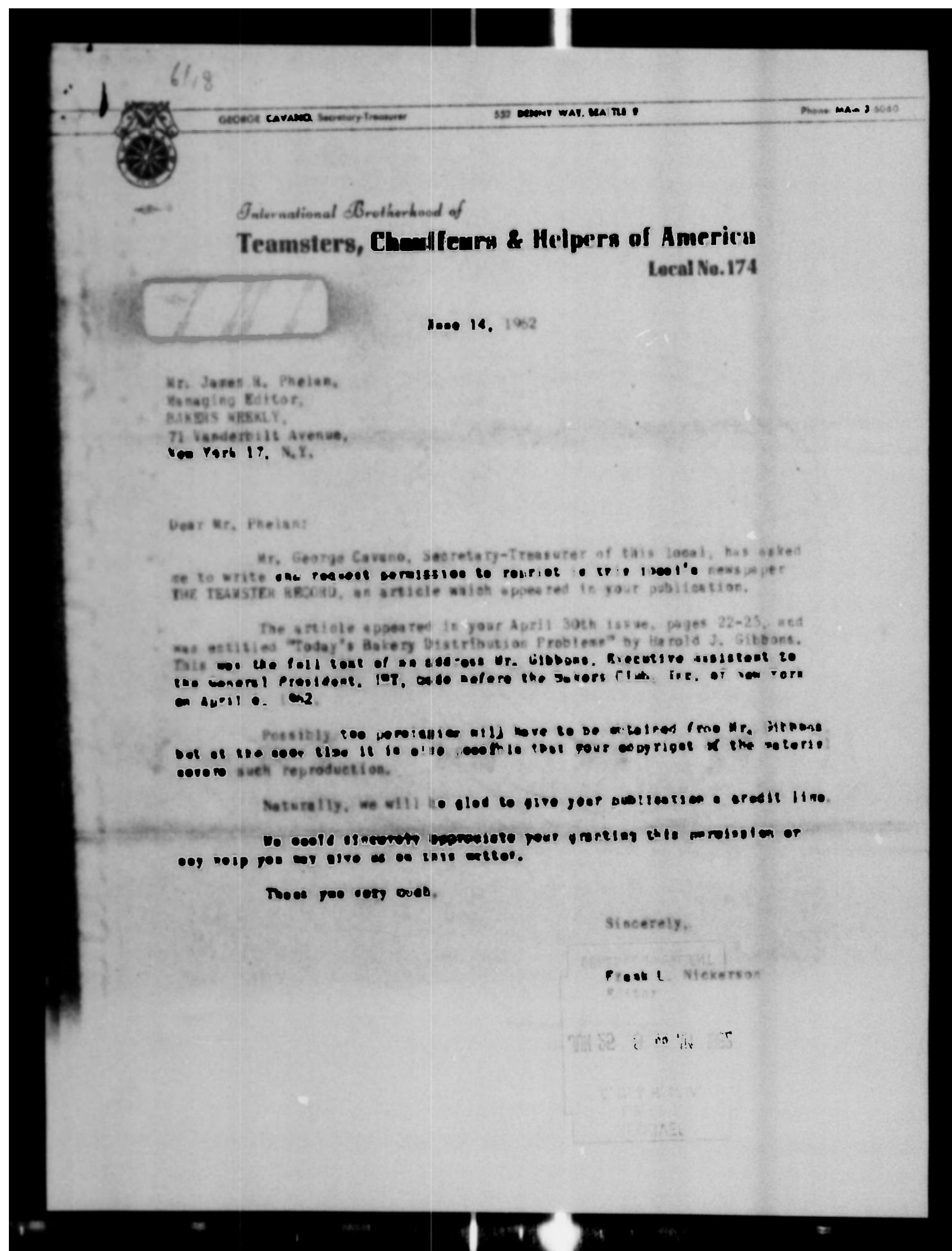
Our only interest is to promote this sort of discussion. You are welcome to publish the address, just as we did.

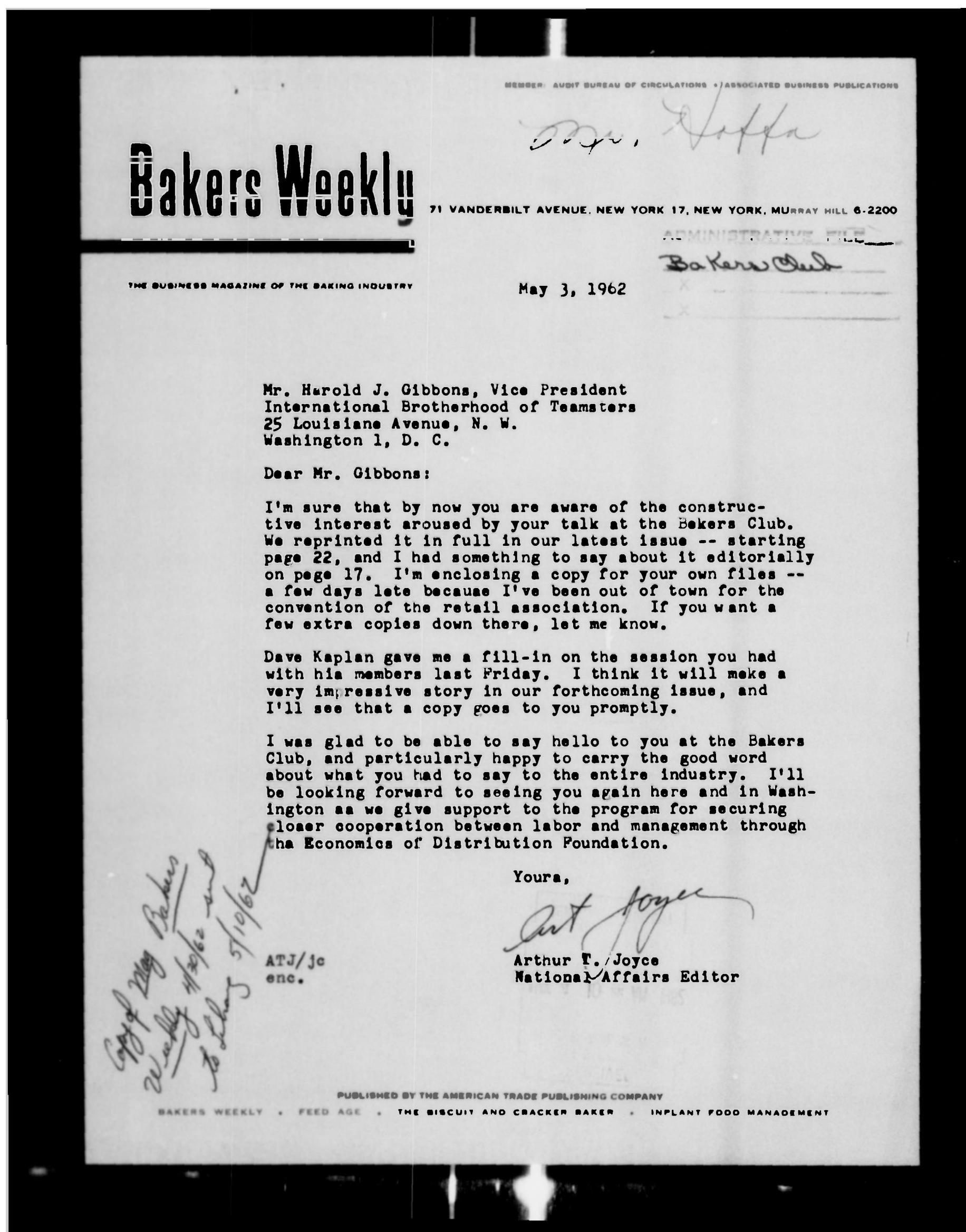
I'm passing your note along to Mr. Gibbons and I'm sure he'll agree. In any case, you should be hearing from him.

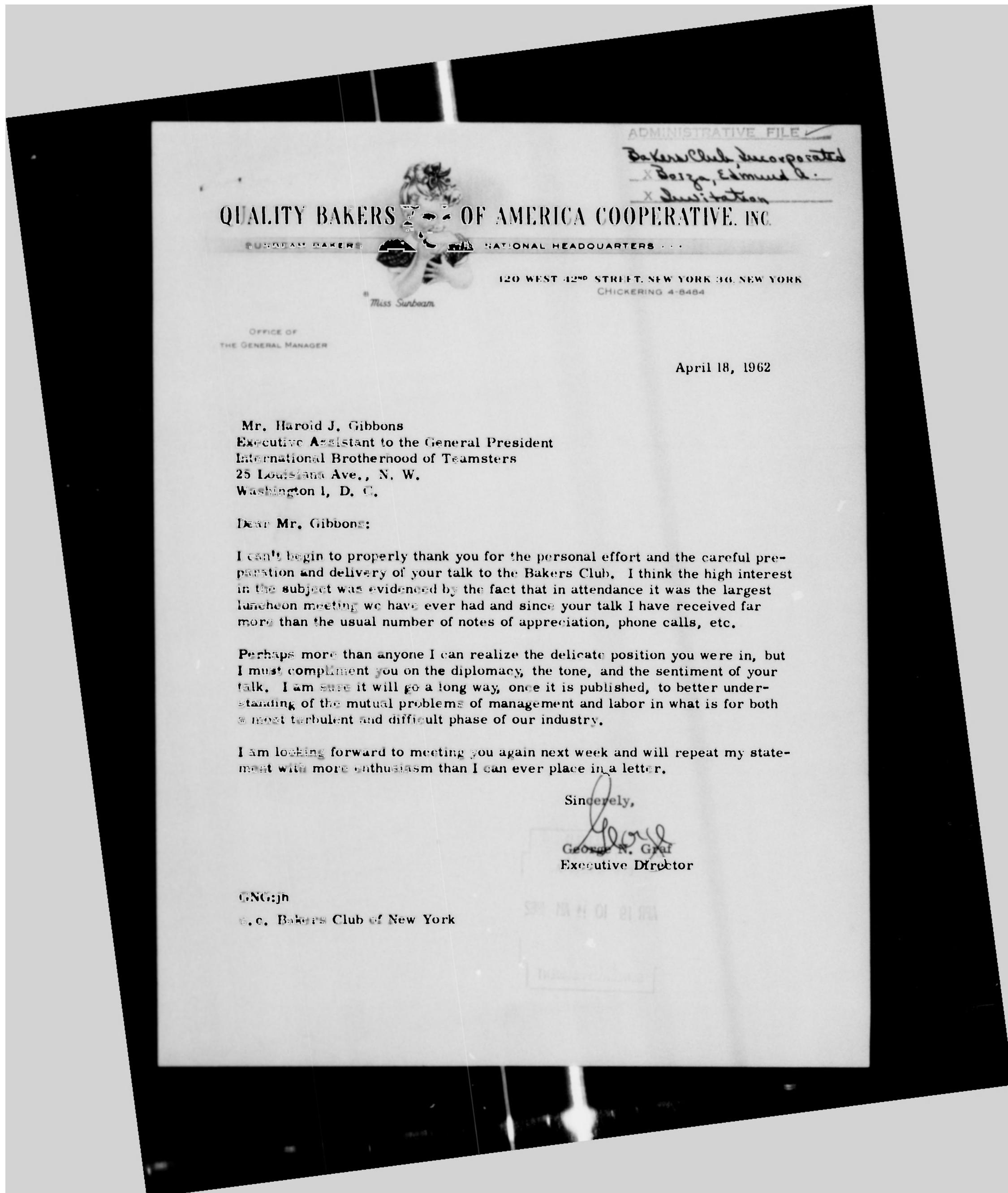
Very truly yours,

ATJ/jo
one-reprint
cc: H.J.Gibbons

Arthur T. Joyce
National Affairs Editor







ADMINISTRATIVE FILE
Bakers Club, Inc.
Boiga, Edmund A.
X invitation

April 13, 1962

MEMO TO: Harold Gibbons

FROM: Abraham Weiss

Enclosed is a statement for your use before the
Bakers Club of New York on Monday April 16. As you will note,
this speech covers union comments on management's inefficiencies;
union answers to management proposals; union proposals;
and alternatives to explore.

Also attached are three sets of statistical ma-
terials as follows:

1. Shares of Retail Price of Bread in 1960
2. Retail Food Stores - Shifts in Sales
3. Bread Sales - By Store Groups and
Private Label vs. Name brands

I hope you find those helpful. Good luck.

Abraham Weiss

Research Department
International Brotherhood of
Bakers
April 13, 1962

BREAD SALES - BY STORE GROUPS

Red

PRIVATE LABEL vs. NAME BRANDS

Percent of Bread Sales by Store Groups

Chain Stores (5 or more)	56
Affiliated Stores	47
Independents	18

Percent of Private Label by Store Groups

Chain Stores	26% operate own bakeries 55% buy some private label 64% of all chains sell private label bread
Affiliated	43 operate own bakeries 43% buy some private label 47% of all affiliated stores sell private label bread
Independents	negligible

Percent of Private Label on White Bread Market

Name Bread - Produced by Bakers	60%
Private Label - Produced by Bakers	28%
Private Label - Captive Bakery	12%

Source: Arthur D. Little Co. - Report to American Bakers Association

Research Department
International Brotherhood of
Teamsters
April 15, 1962

RETAIL FOOD STORES - SHIFTS IN SALES

<u>Percent of Sales</u>	<u>1961</u>	<u>1953</u>
Independent	60%	64%
Chains	40%	36%

Share of U.S. Grocery Sales (by Size of Store) 1952-1961

	<u>% of Stores</u>	<u>% of Sales</u>	
	1961	1952	1961
Super Markets ^{1/}	12%	43%	70%
Superettes ^{2/}	22%	35%	22%
Small Stores ^{3/}	66%	22%	8%

^{1/} Annual Sales - \$375,000 or more
^{2/} Annual Sales - \$ 75,000 to \$375,000
^{3/} Annual Sales - \$ 75,000 or less

Growth of Affiliated ^{1/} Independent Retailers

	<u>Percent of Total U.S. Grocery Store Sales</u>	<u>1947</u>	<u>1961</u>
Chains	37%	40%	
Unaffiliated Independents	34%	11%	
Affiliated Independents	29%	49%	

^{1/} Members of voluntary and cooperative groups

Source: Progressive Grocer, April 1962

Research Department
International Brotherhood of
Teamsters
April 15, 1962

SHARES OF RETAIL PRICE OF BREAD
in 1960
(20.5¢ per pound)

BAKER	11.9¢
Selling, Delivering, etc.	5.7¢
Baking, wrapping, etc.	5.5¢
Pre-Tax Profits	0.7¢
RETAILER	3.1¢
FARMER	2.8¢
MILLER	0.7¢
OTHER	<u>1.6¢</u>
	<u>20.5¢</u>

Source: Monthly Letter (First National City Bank), Dec. 1961, p. 139

Address By
H. J. Gibbons
Executive Assistant to the General President
International Brotherhood of Teamsters
before the
Bakors Club of New York
April 16, 1962

The International Brotherhood of Teamsters is concerned over the serious problems confronting both our members and bakery operators in the baking industry. The problems are complex -- and therefore the solutions are not simple.

To solve these common problems requires full and intelligent discussion and mutual education before we get to the bargaining table. There is a basic need for our union and the industry to meet and intelligently exchange ideas in a calm atmosphere. I will discuss this in more detail later, but it is this belief which prompted me to accept your kind invitation today.

My talk today centers around four major points:

1. Management Inefficiencies as Seen By the Union.
2. Union Answers to Management Proposals.
3. Union Proposals.
4. Alternatives to Explore.

We recognise that there are basic economic factors and forces beyond the control of either party which account for

such of the baking industry's current problems. These include the change in the character of the food retailing industry with the sharp decline of the "mom and pop" stores; the shift of bargaining power from the baker to the chain stores and voluntary co-ops; the fact that bread is less perishable today and can be transported over greater distances; the relative stability of consumption of baked goods; excess capacity which causes bakers to seek outlets outside their own immediate market area; etc.

Without attempting to minimize these important factors, it is only fair to state that certain industry practices have intensified the problem.

The industry is not without fault. The president of the American Bakers Association last October ticked off the following:

- 1) "Secret discounts, payoffs, special deals, under the counter pay-offs, and other similar practices --"; "discounts---merely as commercial bribery in order to get a larger share of the business the easy way."
- 2) "Big bakers---continually overloading the market --- (and) here resorted to high pressure tactics -----"
- 3) "High steals; discounts up to 14% (how can you possibly have a low cost of distribution with

discounts); excessive advertising that in no
anner increases the consumption of bread;
super-visors who do all but supervise, etc.

Discounts, free bread, and the purchase of favorable
store positions are prevalent. Marketing experts agree that
if bakers can eliminate these and similar unethical
practices, they can, in most cases, double their profits
with no loss of volume. Any advantages gained by these
practices are temporary and expensive. Competition
dictates that they be cut. The industry is confusing volume
with profits, apparently forgetting that volume sales at a
loss only show up in red ink.

Competition is supposed to produce efficiencies and
lower costs. In the baking industry, however, primarily
because of three factors: (1) excess capacity (which
results in overproduction); (2) the practice of flat
pricing; and (3) consignment selling, competition promotes
duplication and in turn increases costs. It holds ~~up~~
~~up~~ over the inefficient. It produces waste and boosts
prices. The increasing cost of stale bread -- itself a
consequence of competition -- illustrates existing wasteful
competition.

The practice of flat pricing on a consignment basis is
the root of the problem -- and labor has nothing to do with
this.

Bakers feel oppressed by the problems of competition

but, to date, seem to have been unable to develop effective solutions. No new system has been developed in adaptation to the new structure of the grocery retail market. This is a negligent function.

Master bakery locals throughout the country inform us that they have been approached with one or more of the following proposals:

- (1) Dock pick-up or delivery.
- (2) Warehouse delivery.
- (3) Reduced commissions.
- (4) Change to an hourly rate basis.

There may be others.

These proposals are presumably designed to help compete with captive bakeries by supplying local chains or voluntary co-ops with a private label or low price bread. Presumably, too, though this is not explicit, single stores -- the mom and pop -- will continue to receive full service at standard commission rates.

Many of our locals have rejected these proposals. Others, for good and sufficient reasons, have accepted them -- and a variety of devices and arrangements have been developed.

(More about this later).

What about the locals and the union membership who have rejected such proposals? Aren't they responsive to the needs of this industry? Don't they have the long-run interest of their members at heart?

I think that to some degree, at least, the responses of our people to management's proposals are due to inefficient

and uneconomic management practices. Our people believe, rightly or wrongly, that these management practices contribute considerably to the industry's present difficulties. Our members also feel this way -- and it is important to remember that the membership has to be sold and agree to new arrangements.

Our bread drivers are aware of the deals in which rebates are given, bread offered free, exclusive stops purchased, kickbacks are made. This is not the kind of atmosphere that fosters either sound business or sound employee relations. The routeman remembers this when he is asked to give up a gain or benefit which his union has won for him. Regardless of the forces or the events that may have driven a bakery operator to embrace poor competitive practices, the routeman is more likely to judge on the basis of what happened than on the basis of why it happened.

This may be unfortunate in terms of finding a solution -- but it is basic human nature -- and we're all guilty of the same attitudes.

Let's turn to some specific inefficiencies and uneconomic industry practices, as our unions see them.

1. Steals

Run-away steals account for as many business failures as any other cause.

The cable industry state return average is running at 9.2%. This represents \$225 million. If steals were cut in half, the industry's profits would increase by over \$100 million. Yet the industry seems to accept high steals as a way of doing business.

According to one leading industry operator, product stealing now represents 15% of the total cost to sell.

Steals are the most costly and wasteful factor in distribution. The industry can't afford these costs -- yet they increase from year-to-year. From 1947 to 1958, losses and steals returns rose 700%.

Steal stores are springing up all over -- an indication that companies are multiplying steals. There is strong suspicion by our people that companies are baking fresh bread -- for steal stores. It reminds me of the old story of the manufacturer who was losing money on every item -- just look at the volume.

Our drivers report that they are overruled on their orders; that their knowledge of customers is ignored; that their orders are plussed -- creating steals.

For this reason, we are insisting in contract negotiations that a company be limited to only one steal store at the point of manufacture. We are proposing that commissions be paid on gross loads, not on net sales -- to discourage stealing.

Stales, of course, flow out of consignment selling. They also result from fear of losing shelf and display space.

Yet such highly successful bakers as Pepperidge Farms and Brownberry Ovens have never allowed stale returns.

2. Call Backs and Special Deliveries

We question whether management's insistence that drivers make repeated call backs to a store pay off in greater sales volume. They are time consuming; they scratch out the work day without demonstrably producing extra sales and assuring greater route productivity; they add to truck mileage and delivery costs.

In the Houston bakery industry, for example, with routes reduced to an average of 30 stops per driver-salesman, the bakers are forcing these men to service all accounts, including 10-10s a day stops, 5 and 6 times daily. Driver salesmen are still operating the bread truck the same number of hours on one half the volume.

Question -- Do grocers really want services several times a day -- or are call backs merely a wasteful and uneconomic tactic which bakers insist upon to try to take some business away from a competitor?

Would it not be preferable and more economical to agree with the union, in a market-wide agreement, to limit the number of call-backs and provide for enforcement of this rule?

In a number of markets, the union contracts permit discussion and agreement on changes in delivery, merchandising

and compensation methods. Yet surprisingly, bakery operators in most of these markets have not, to our knowledge, come up with alternative proposals or methods. There is apparently no consensus within the industry as to what modifications have to be made in the distribution process -- other than to cut wages.

In order to meet chain-store competition, bakery management has proposed to our unions three basic changes which involve:

- 1) Commissions;
- 2) Freight-Type Delivery; and
- 3) Work Rules

I'd like briefly to discuss these proposals and give you the reactions of our local unions and their members.

(1) COMMISSION METHOD OF PAYMENT

Takes several forms:

(a) Reduce commissions for certain non-service types of delivery -- warehouses, dock, back room, etc.

(b) Change from commissions to straight hourly rate.

Let's take a look at the commission system.

The commission system was very efficient at the time of its introduction -- by industry. Commissions served well for many years; people have become accustomed to them.

Under the commission system, the bakers could send a man out and because he had an incentive to make more money, he could try to sell more.

Now, supermarkets have entered the picture. The best way to delivery bread to those stores is to take it in large quantities.

Management, of course, claims that the commission system has now become a drag on progress in serving and supplying supermarkets who do not have their own bakeries -- but who have to compete with grocery chains who do have their own bakeries and who get these products delivered on an hourly basis.

Also, we have built up not only a lot of driver-salesmen who depend on commissions, but we have built up oven capacity in many small bakeries which depend upon this system. We have about twice as much oven capacity as is needed. Therefore, a great many bakers also depend on this system and will do everything they can to preserve it.

But another system is now in the picture. Why? Not because the bakers wanted it, but because the chain stores built their own bakeries when they couldn't make a deal with the bakers to deliver bakery products in the way that they wanted.

The industry holds that commission drivers are heavily overpaid at large stops and that under a commission system, increased route averages bring no net savings.

I must in all candor state that in some areas, our local unions and the industry have negotiated an hourly rate

equivalent of past commission earnings and have scrapped the commission system.

(2) FREIGHT-TYPE DELIVERY VS. "SPECIALTY SERVICE" DELIVERY

Interest in management's proposals to convert from commissions to hourly rates of pay is a change in the delivery method -- from full service to freight-type dock, warehouse, drop or back-room delivery. Display work and rack service, presumably, would be done by store clerks.

Elimination of rack service probably will lead to decline in sales, since display of bakery products by grocery clerks would be much poorer. Good display creates additional sales, in view of impulse buying.

It is questionable whether most bakers wish to convert the driver-salesmen into a deliverymen.

From the union's point of view, large-volume deliveries in tractor-trailers as against present full-service delivery methods inevitably spell loss of jobs.

The union has a prime objective to safeguard job opportunities for its members. We do not believe it to be unreasonable to ask industry to consider the social cost of its actions and agree with the union on such items as the following: provide a guarantee against job loss for a minimum specified period; stretch out the introduction of new methods so as to minimize displacement and let normal attrition reduce the work force; provide severance pay; transfer

displaced delivery men to sales or solicitor work; retrain displaced employees, etc.

I stated earlier that a number of our local unions have agreed to modify their existing compensation arrangements. Although there are markets where private label receives the same commission rates as brand names, in other areas, an hourly rate or a reduced commission has been negotiated.

A wide variety of arrangements have been worked out.

For example:

- 1) Direct delivery to chain stores at Hourly Rate.
- 2) Deliver private label or secondary bread to warehouse or central distributing points by hourly paid drivers.
- 3) Exclusive private label routes to chain stores at lower commission. No orders, displays, collections, stakes, or call backs.
- 4) Lower commissions only on new accounts secured through sources other than routeman. Not to apply to types of accounts now being served by driver-salesmen or similar accounts which may be obtained in future. Depending on nature of business -- drop deliveries or display.
- 5) Lower commission on Secondary Loaf, which is handled along with other products. Display in some markets; no display in others. No limit on quantity in some markets; limit in others. In one area, there are two levels of lower commission rates, depending on whether stakes are picked up.

There are still other variations.

(3)

WORK PRACTICES

Over the years, various arrangements -- many instituted by management -- have become formalized and embodied in labor agreements. These are generally known as work rules; starting time and off-the-street regulations are illustrative. Many of you here are more familiar with such rules, their origin and their purpose than I am. It may very well be that such rules add to company costs. I am not affirming or denying this.

The point is that if management wants to achieve efficient distribution, and feels that these rules are a handicap to such efficiency, management is going to have to provide a guido pro quo to secure their elimination. Even then, I am not sure that labor is willing to consider giving them up.

What it boils down to is the sale by labor or the purchase by management of work rules. It sounds crude and crude perhaps, but it's a recognition of the fact that the vast areas of such rules are part and parcel of the content of the job and are to be bargained about. A hundred years ago you just paid a man to work, but the unions won't accept that formula now.

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UNION PROPOSALS

Bread is becoming less perishable. It is capable of being moved long distances. The market area is therefore expanding to distances 500 miles or more. This means that overcapacity in one market can lead to overcapacity in distant markets. Frozen bread is on the horizon. All of this

areas that local markets may give way to regional or national markets and the type of local, individual bargaining prevalent today may give way to broader bargaining units.

Area-wide contracts -- embracing large territories -- may be a key factor in solving the problems arising in out-lying areas which adversely affect major unionized centers. Such area-wide contracts would level out differences in compensation practices and fringes. It would, for example, eliminate competitive disadvantages in contiguous areas arising from the fact that different bakers deal with different Teamster local unions having different contracts. Uniform conditions would help union bakers.

Area contracts would also draw in general (miscellaneous) locales which have bakery drivers among their membership and gradually bring up their scales and conditions to the level of specialty bakery locales in major metropolitan centers.

Area contracts would also facilitate organization of non-union bakery operations, and remove their competitive advantage due to lower wages and conditions.

I suggest that the baking industry give this proposal serious consideration. It would serve to protect both companies and unions in a given market from other union firms outside the market whose contracts have lower wages and conditions. It would provide a valuable tool in organizing non-union firms in the areas covered by the agreement.

Another step is to develop an effective organizing

campaign -- coming through our Joint Councils -- to organize non-union bakeries. Such campaigns should enlist the full support, cooperation, and expertise of our bakery drivers local unions, since they are vitally affected.

Baking companies in major metropolitan areas have complained about out-of-line or substandard bakery contracts negotiated in outlying areas which adversely affect these, since the outlying bakeries then invade their markets on the basis of lower delivery wage costs. This situation would be eliminated by broad area agreements. Pending such agreements however, we are exploring the possibility of developing negotiating teams from specialty bakery driver locals to assist our miscellaneous general locals in their negotiations. As you can appreciate, this touches on sensitive grounds such as local union autonomy.

Another avenue we are exploring, pending successful completion of regional agreements, is to develop protective contract language as such in your interest as in ours. For example, many of our bakery driver locals (as in silk), are proposing that if delivery is made to an area where higher rates prevail, the driver is to receive the higher rate; that is, when serving or delivering outside their areas, they are to observe the bakery contract working conditions and wages in existence in such areas. This will prevent undercutting by out-of-state or out-of-area bakers, both union or non-union.

- 15 -

Finally, our dairy local unions are trying to convince their employees not to sell bakery products and thus preserve the distribution of baked goods for bakers and their employees.

I do not wish to leave you with the feeling that we are unalterably opposed to any adjustments to meet the competitive problems of the wholesale bakers. I have already indicated that a number of our locals have, for one reason or another, agreed to various modifications.

Without passing on the merits of any of the following suggestions or alternatives, I believe they should be explored:

- 1) A graded commission system related to different kinds of service or different classes of customers.
- 2) Higher guarantee and lower commission rate for private label or secondary bread, to prevent loans to pay for the driver.
- 3) Put driver-salesman a commission on unit basis rather than money (as in milk).
- 4) Guaranteed weekly salary.
- 5) Store delivery on low commission high-volume basis.

I am sure you have other suggestions.

Joint studies, made outside the contract negotiating period, may provide fruitful solutions.

I should like to suggest that bakery operators and our local unions meet periodically, for example, every two months, to discuss these problems. There should also be similar educational meetings on a national level with bakery dealer representatives, to study bakery problems and perhaps develop mutually acceptable plans for alleviating many of the problems we face. The crucial factor here is that both sides honestly face up to the problems, and sincerely seek acceptable solutions.

In some industries confronted with similar problems, such as longshore, joint labor-management committees were created specifically to explore the problems and to make recommendations.

It is in connection with such educational conferences that the Economics of Distribution Foundation, headed by Dave Kaplan, can be very helpful to both sides.

Our Teamster officers are increasingly aware of the changes that affect the distribution process in the bakery industry - The development of supermarkets; the disappearance of 100,000 small grocers; The development of co-ops and voluntary chains which have great bargaining power - and the fact that their members are no longer serving a homogeneous market.

As practical realists, they know that the chains and the coop buyer control the market. They know that chain brands are getting a bigger share of the market and that private labels are crowding out brand names. They know that the concentration to larger grocery units is continuing.

And as practical realists, I think they realize they have to give serious consideration to different types of distribution systems to fit these

emeditors. I think they recognize that they may have to consider greater flexibility in methods of compensation.

Recognize that the Union has problems. The basic trade union principle of jurisdiction combined with local union autonomy often makes it difficult to work out solutions.

Local union membership may fail or refuse to recognize these problems and effectively hobble their leadership in accommodating to the new situation. They are also accustomed to a given earnings level and fear loss of take home if the delivery or compensation methods are changed. They may continue to take this attitude even though the loss of stops and routes because of competition cuts their weekly earnings.

As a trade union, we recognize that progress, productivity and efficiency are a prerequisite to the welfare of our members and the industries which employ them. At the same time, also as a trade union, we have to protect our members. We believe that there are ways of satisfying both objectives - management's desire for more efficient distribution and our members' desire for maintenance of earnings and job security.

Union members have come to expect protection from their union. The union as their organization and the union leadership, cannot fail them. Protection of jobs and wages is paramount. If they are to give up or modify established conditions and practices, they expect some assurances or safeguards; some recompense for loss of equity in their jobs.

We believe that bakery employers increasingly recognize that if distribution methods are changed, job right and earnings guarantees are essential.

Both you as industry leaders and we as trade union officers have to think hard and seriously about how this can be achieved. We have to develop a new type of industrial engineering - in which the human factor is not ignored.

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Together, we must analyze the problems facing our industry; analyze their meaning and significance; and determine what has to be done to solve these problems. This is our job. Let us not shirk it.

QUALITY BAKERS  OF AMERICA COOPERATIVE, INC.

SUNBEAM BAKERS

NATIONAL HEADQUARTERS

120 WEST 42nd STREET, NEW YORK 36, NEW YORK

CHICAGO 4-8484

Miss Sunbeam

OFFICE OF
THE GENERAL MANAGER

March 28, 1962

Mr. Harold J. Gibbons
Executive Assistant to the General President
International Brotherhood of Teamsters
25 Louisiana Ave., N. W.
Washington 1, D. C.

Dear Mr. Gibbons:

Sincerely and deeply I want to thank you for your kindness in accepting the invitation of the New York Bakers Club to address their meeting on Monday, April 16.

I was personally greatly impressed by the sentiments expressed by Mr. Hoffa the last time he addressed the Economics of Distribution Foundation and particularly his feeling that Management and Labor should strive for a closer understanding of each other's mutual problems.

Undoubtedly you plan to convey some of these sentiments to the Bakers Club audience and I think this will be tremendously helpful, particularly since we have a common and serious problem in the whole area of distribution and your thoughts in connection with it should be truly helpful.

I am certain you will have a very excellent and attentive audience. In the event that there are any suggestions, information, or data I can provide in advance of your talk, please do not hesitate to call on me as president of the Bakers Club.

Again, I want to thank you most sincerely.

Sincerely,

George N. Graf
Executive Director

*Belmont Hotel
Please room
GNG:jh
11th St. 2nd
PMG:jl*

ADMINISTRATIVE FILE
Bakers Club Incorporated
X Boisa Edmund
X invitation

February 28, 1962

Mr. Edmund A. Boisa, Secretary
Bakers Club Incorporated
Belmont Plaza Hotel
49th Street and Lexington Avenue
New York 22, N. Y.

Dear Mr. Boisa:

Thank you for your letter of February 27, 1962 concerning
my invitation to speak before the Bakers Club Incorporated.

As requested, enclosed I am forwarding a recent picture
and biographical material.

Very truly yours,

H. J. Gibbons
Executive Assistant to the
General President

HJG/yb
Eac.

Bakers Club

INCORPORATED
BELMONT PLAZA HOTEL
48TH STREET AND LEXINGTON AVENUE
NEW YORK 22, N.Y.

TELEPHONE:
PLAZA 3-5975

February 27, 1962

Mr. Harold C. Gibbons, Executive Vice-President
International Brotherhood of Teamsters
Washington, D. C.

My dear Mr. Gibbons:

We were delighted to hear from Mr. David Kaplan's
Secretary today that you have graciously accepted an invitation
to speak before the Bakers Club Incorporated, at our Luncheon-
Meeting, to be held on Monday, April 16, 1962, at 12:30 Noon,
in the Moderne Room, Hotel Belmont Plaza, New York City.

If you will be good enough to send us a recent
picture and biographical material, we can then prepare our
notices to our members in sufficient time before the meeting.

As we come closer to the meeting date, we will check
with you again to see if there are any other details that we
can work out with you.

Again thanking you for your kindness and looking
forward to meeting you, I am,

Sincerely yours,

BAKERS CLUB INCORPORATED

Edmund A. Boza
Secretary

eab/m